

70-1140

TOWNSHIP OF SPRING LAKE, MICHIGAN  
(Ottawa)  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

March 31, 2004

# Auditing Procedures Report

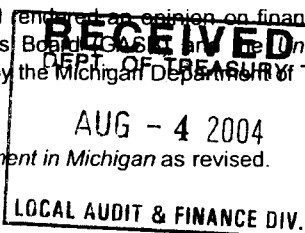
Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>SPRING LAKE TOWNSHIP</b>	County <b>OTTAWA</b>
Audit Date <b>03/31/04</b>	Opinion Date <b>07/14/04</b>	Date Accountant Report Submitted to State: <b>08/04/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



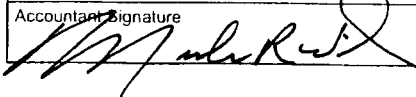
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <b>NORMAN &amp; PAULSEN P.C.</b>			
Street Address <b>127 W. Chicago Rd.</b>	City <b>Sturgis</b>	State <b>MI</b>	ZIP <b>49091</b>
Accountant Signature  <b>CPA Michael R. Wilson</b>		Date	

# C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds	4
Combined Statement of Revenue, Expenses, and Changes in Retained Earnings - Proprietary Fund Types and Similar Trust Funds	5
Combined Statement of Cash Flows - Proprietary Fund Types and Similar Trust Funds	6
Notes to Financial Statements	7-19
COMBINING AND INDIVIDUAL FUND STATEMENTS	
Governmental Fund Types	
General Fund	
Balance Sheet	20
Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual	21-25
Special Revenue Funds	
Combining Balance Sheet	26
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	27
Building Department Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual	28
Street Lighting Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual	29
Harbor Transit Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual	30

C O N T E N T S - Continued

Page

Proprietary Fund Types

Enterprise Funds

Combining Balance Sheet

31

Combining Statement of Revenue, Expenses, and  
Changes in Retained Earnings

32

Combining Statement of Cash Flows

33

Fiduciary Fund Types

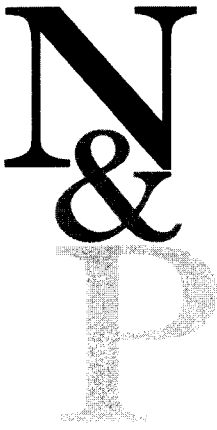
Combining Balance Sheet

34

Statement of Changes in Assets and Liabilities

Tax Collection Agency Fund

35



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Township of Spring Lake, Michigan

**Norman & Paulsen, P.C.**

*Certified Public Accountants*

127 W. Chicago Road  
Sturgis, MI 49091  
269.651.3228  
Fax 269.651.5146  
E-mail  
normanpaulsen@charter.net

Other Location:

123 N. Main Street  
Three Rivers, MI 49093  
269.273.8641  
Fax 269.278.8252  
E-mail  
normanpaulsen@earthlink.net

We have audited the accompanying general purpose financial statements of the Township of Spring Lake, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Spring Lake, Michigan, as of March 31, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Spring Lake, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is stated fairly in all material respects in relation to the general purpose financial statements taken as a whole.

Donald L. Paulsen, CPA  
Patrick J. Monahan, CPA  
Bruce S. A. Gosling, CPA  
Michael R. Wilson, CPA  
Rick L. Strawser, CPA  
Jerrold T. Norman (1941-1982)

July 14, 2004

*Norman & Paulsen, P.C.*

**GENERAL PURPOSE FINANCIAL STATEMENTS**

## TOWNSHIP OF SPRING LAKE, MICHIGAN

ALL FUND TYPES AND ACCOUNT GROUPS  
 COMBINED BALANCE SHEET  
 March 31, 2004

	Governmental Fund Types		Proprietary Fund Types
	General	Special Revenue	Enterprise
<b>ASSETS</b>			
Cash and cash equivalents	\$ 516,510	\$ 154,089	\$ 1,519,103
Investments	216,556	-	3,147,434
Receivables			
Special assessments	-	-	529,370
Accounts	19,904	-	377,952
Due from other funds	17,719	-	-
Due from other governmental units	125,564	6,842	-
Deferred bond costs	-	-	167,064
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	14,850,769
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets	<u>\$ 896,253</u>	<u>\$ 160,931</u>	<u>\$ 20,591,692</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 67,481	\$ 10,122	\$ 126,747
Due to other funds	3,200	-	15,358
Accrued liabilities	19,406	978	144,343
Deferred revenue	10,000	-	-
Bonds payable	-	-	7,268,115
Notes payable	-	-	-
Due to other governmental units	-	-	-
Total liabilities	100,087	11,100	7,554,563
<b>FUND EQUITY</b>			
Investment in general fixed assets	-	-	-
Capital contributions	-	-	2,875,950
Retained earnings			
Unreserved	-	-	10,161,179
Fund balances			
Unreserved, undesignated	<u>796,166</u>	<u>149,831</u>	<u>-</u>
Total fund equity	<u>796,166</u>	<u>149,831</u>	<u>13,037,129</u>
Total liabilities and fund equity	<u>\$ 896,253</u>	<u>\$ 160,931</u>	<u>\$ 20,591,692</u>

See accompanying notes to financial statements

<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals Primary Government (Memo- randum only)</u>	<u>Component Unit</u>	<u>Totals Reporting Entity (Memo- randum only)</u>
<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Debt</u>		<u>Building Authority</u>	
\$ 14,784	\$ -	\$ -	\$ 2,204,486	\$ 595	\$ 2,205,081
221,923	-	-	3,585,913	-	3,585,913
-	-	-	529,370	-	529,370
-	-	-	397,856	-	397,856
3,200	-	-	20,919	-	20,919
-	-	-	132,406	-	132,406
-	-	-	167,064	-	167,064
-	5,934,950	-	20,785,719	-	20,785,719
-	-	67,092	67,092	-	67,092
<u>\$ 239,907</u>	<u>\$5,934,950</u>	<u>\$ 67,092</u>	<u>\$27,890,825</u>	<u>\$ 595</u>	<u>\$27,891,420</u>
\$ -	\$ -	\$ -	\$ 204,350	\$ -	\$ 204,350
2,361	-	-	20,919	-	20,919
-	-	1,092	165,819	-	165,819
-	-	-	10,000	-	10,000
-	-	-	7,268,115	-	7,268,115
-	-	66,000	66,000	-	66,000
12,423	-	-	12,423	-	12,423
14,784	-	67,092	7,747,626	-	7,747,626
-	5,934,950	-	5,934,950	-	5,934,950
-	-	-	2,875,950	-	2,875,950
-	-	-	10,161,179	-	10,161,179
225,123	-	-	1,171,120	595	1,171,715
225,123	5,934,950	-	20,143,199	595	20,143,794
<u>\$ 239,907</u>	<u>\$5,934,950</u>	<u>\$ 67,092</u>	<u>\$27,890,825</u>	<u>\$ 595</u>	<u>\$27,891,420</u>



TOWNSHIP OF SPRING LAKE, MICHIGAN

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Year Ended March 31, 2004

	General Fund	Special Revenue Funds
REVENUE		
Taxes	\$ 499,259	\$ -
Special assessments	-	125,593
Licenses and permits	4,051	230,916
State grants	779,307	-
Charges for services	276,114	-
Interest	3,696	-
Other	76,603	-
Total revenue	1,639,030	356,509
EXPENDITURES		
General government	1,003,198	4,813
Public safety	352,834	176,479
Public works	35,274	103,228
Community and economic development	156,369	-
Recreation and cultural	217,385	-
Debt service		
Principal	22,000	-
Interest and fiscal charges	6,160	-
Total expenditures	1,793,220	284,520
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(154,190)	71,989
FUND BALANCE - BEGINNING OF YEAR	950,356	77,842
FUND BALANCE - END OF YEAR	<u>\$ 796,166</u>	<u>\$ 149,831</u>

See accompanying notes to financial statements

Totals Primary Government (Memorandum only)	Component Unit  Building Authority	Totals Reporting Entity (Memorandum only)
\$ 499,259	\$ -	\$ 499,259
125,593	-	125,593
234,967	-	234,967
779,307	-	779,307
276,114	-	276,114
3,696	-	3,696
76,603	-	76,603
1,995,539	-	1,995,539
1,008,011	-	1,008,011
529,313	-	529,313
138,502	-	138,502
156,369	-	156,369
217,385	-	217,385
22,000	-	22,000
6,160	-	6,160
2,077,740	-	2,077,740
(82,201)	-	(82,201)
1,028,198	595	1,028,793
\$ 945,997	\$ 595	\$ 946,592

TOWNSHIP OF SPRING LAKE, MICHIGAN

GENERAL AND SPECIAL REVENUE FUNDS  
COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended March 31, 2004

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUE			
Taxes	\$ 523,000	\$ 499,259	\$ (23,741)
Special assessments	-	-	-
Licenses and permits	6,300	4,051	(2,249)
State grants	1,126,000	779,307	(346,693)
Charges for services	217,000	276,114	59,114
Interest	25,000	3,696	(21,304)
Other	72,000	76,603	4,603
Total revenue	1,969,300	1,639,030	(330,270)
EXPENDITURES			
General government	1,079,648	1,003,198	76,450
Public safety	327,450	352,834	(25,384)
Public works	50,000	35,274	14,726
Community and economic development	215,750	156,369	59,381
Recreation and cultural	629,951	217,385	412,566
Debt service			
Principal	22,000	22,000	-
Interest and fiscal charges	6,160	6,160	-
Total expenditures	2,330,959	1,793,220	537,739
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(361,659)	(154,190)	207,469
FUND BALANCE - BEGINNING OF YEAR	950,356	950,356	-
FUND BALANCE - END OF YEAR	<u>\$ 588,697</u>	<u>\$ 796,166</u>	<u>\$ 207,469</u>

See accompanying notes to financial statements

Special Revenue Funds

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
125,700	125,593	(107)
209,721	230,916	21,195
-	-	-
-	-	-
-	-	-
-	-	-
<u>335,421</u>	<u>356,509</u>	<u>21,088</u>
11,000	4,813	6,187
209,721	176,479	33,242
108,000	103,228	4,772
-	-	-
-	-	-
-	-	-
-	-	-
<u>328,721</u>	<u>284,520</u>	<u>44,201</u>
6,700	71,989	65,289
<u>77,842</u>	<u>77,842</u>	<u>-</u>
<u>\$ 84,542</u>	<u>\$ 149,831</u>	<u>\$ 65,289</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
COMBINED STATEMENT OF REVENUE, EXPENSES, CHANGES IN FUND EQUITY  
Year Ended March 31, 2004

	Enterprise Funds	Nonexpendable Trust Fund	Total (Memorandum Only)
OPERATING REVENUE	\$ 2,497,584	\$ 12,500	\$ 2,510,084
OPERATING EXPENSES	<u>2,354,530</u>	<u>-</u>	<u>2,354,530</u>
OPERATING INCOME	143,054	12,500	155,554
NONOPERATING REVENUE (EXPENSE)			
Interest income	165,409	5,277	170,686
Interest expense	<u>(299,969)</u>	<u>-</u>	<u>(299,969)</u>
Net nonoperating revenue (expense)	<u>(134,560)</u>	<u>5,277</u>	<u>(129,283)</u>
NET INCOME	8,494	17,777	26,271
DEPRECIATION TRANSFERRED TO CAPITAL CONTRIBUTION	<u>154,030</u>	<u>-</u>	<u>154,030</u>
INCREASE IN RETAINED EARNINGS/ FUND BALANCE	162,524	17,777	180,301
RETAINED EARNINGS/FUND BALANCE - BEGINNING OF YEAR	<u>9,998,655</u>	<u>207,346</u>	<u>10,206,001</u>
RETAINED EARNINGS/FUND BALANCE - END OF YEAR	<u>\$10,161,179</u>	<u>\$ 225,123</u>	<u>\$ 10,386,302</u>

See accompanying notes to financial statements

TOWNSHIP OF SPRING LAKE, MICHIGAN

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
COMBINED STATEMENT OF CASH FLOWS  
Year Ended March 31, 2004

	Enterprise Funds	Nonexpendable Trust Fund	Total (Memorandum Only)
Cash flows from operating activities			
Operating income	\$ 143,054	\$ 12,500	\$ 155,554
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation	691,371	-	691,371
(Increase) decrease in Receivables	(17,194)	-	(17,194)
Due from other funds	19,991	(3,200)	16,791
Increase (decrease) in Accounts payable	(76,112)	-	(76,112)
Due to other funds	(162,643)	-	(162,643)
Accrued expenses	(5,582)	-	(5,582)
Net cash provided by operating activities	592,885	9,300	602,185
Cash flows from capital and related financing activities			
Contributed capital	-	-	-
Assessment receipts	149,564	-	149,564
Acquisition of capital assets	(251,605)	-	(251,605)
Principal payments on bonds	(691,290)	-	(691,290)
Interest payments on bonds	(299,969)	-	(299,969)
Net cash (used in) capital and related financing activities	(1,093,300)	-	(1,093,300)
Cash flows from investing activities			
Purchase of investment	(753,496)	(14,577)	(768,073)
Proceeds from investments	-	-	-
Interest revenue	165,409	5,277	170,686
Net cash provided by (used in) investing activities	(588,087)	(9,300)	(597,387)
Net increase (decrease) in cash	(1,088,502)	-	(1,088,502)
Cash and cash equivalents			
Beginning of Year	2,607,605	-	2,607,605
End of Year	<u>\$ 1,519,103</u>	<u>\$ -</u>	<u>\$1,519,103</u>

See accompanying notes to financial statements

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The general purpose financial statements of the Township of Spring Lake (Township) include all funds of the Township and its component units for which the Township is financially accountable. The component unit discussed below is included in the reporting entity because of the significance of its financial relationship with the Township.

The Building Authority is a legally separate entity created by the Township in 1992. The Building Authority's primary purpose is to acquire and construct recreational facilities, including bike paths. The Authority has the power to issue bonds which are secured by a lease with the Township and retired through lease payments from the Township. The Authority's fiscal year ends on December 31, 2003.

***Basis of Presentation***

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups are included in the combined general purpose financial statements in this report as follows:

***Governmental Funds***

***General Fund*** - This fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and intergovernmental revenues.

***Special Revenue Funds*** - These funds are used to account for the proceeds of specific revenues that are restricted to expenditures for specific purposes. The Township operates three special revenue funds: the Building Department, Street Lighting, and Harbor Transit. Revenue is collected in the form of permits and special assessments.

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

*Proprietary Funds*

Enterprise Funds are used to account for operations that provide services to citizens financed primarily by user charges or activities where the periodic measurement of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Sewage Disposal System and the Water Supply System are the two enterprise funds maintained by the Township.

*Fiduciary Funds*

Fiduciary Funds account for assets held by the Township in a trustee capacity or as an agent for other governments and other funds. These include Nonexpendable Trust Funds and Agency Funds. Nonexpendable Trust Funds are accounted for in essentially the same manner as Proprietary Funds since capital maintenance is critical. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The Township maintains the Tax Collection Agency Fund and the Cemetery Nonexpendable Trust Fund.

*Account Groups*

*General Fixed Assets Account Group* - is used to account for all fixed assets of the Township, other than those accounted for in the proprietary funds.

*General Long-term Debt Account Group* - is used to account for all unmatured long-term indebtedness expected to be financed from governmental funds and not directly related to or expected to be paid from the proprietary or nonexpendable trust funds operations.

Amounts in the "Totals (memorandum only)" column in the general purpose financial statements represent a summation of the general purpose financial statement line items of the fund types and account groups and are presented for analytical purposes only. The summation includes fund types and account groups that use different bases of accounting and interfund transactions that have not been eliminated.



TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

***Basis of Accounting***

All Governmental Funds are accounted for using the modified accrual basis of accounting. Revenues in these funds are recognized when they become measurable and available. General property taxes and interest income are recorded when susceptible to accrual. Charges for services and miscellaneous revenue are recognized as revenues when received in cash. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this rule is principal and interest on general long-term debt which is recognized when due.

The Proprietary and Nonexpendable Trust Funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Under this basis of accounting, the Township has elected to apply only applicable FASB statements and interpretations issued before November 30, 1989, except those that conflict with GASB pronouncements.

***Budgets and Budgetary Accounting***

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- \* On or about March 31, the Township Board submits to the general public a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- \* Public hearings are conducted to obtain taxpayer comments.
- \* On or about April 1, the budget is legally enacted through passage of resolution.
- \* The Township Board is authorized to transfer budgeted amounts within departments.
- \* The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles.
- \* Appropriations for the general fund lapse at the end of the fiscal year.
- \* Budgeted amounts are as originally adopted or as amended by the Board of Trustees.

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

***Cash and Cash Equivalents***

The Township considers cash on hand, demand deposits and short-term investments with maturities of three months or less when purchased to be cash equivalents for the statement of cash flows.

***Investments***

Investments are reported at fair value.

***Deferred Bond Costs***

For proprietary fund types, the Township amortizes the unrealized loss on bond refinancing as a component of interest expense on the straight-line basis over the remaining life of the new debt. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

***Property, Plant, and Equipment***

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain or "infrastructure" fixed assets (roads, bridges, curbs and gutters, streets and sidewalks, and other similar immovable assets) are not capitalized, with the exception of the bike path. All fixed assets are valued at historical cost, or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation is not recorded in the General Fixed Assets Account Group. General fixed assets are removed from the Township records upon disposal. Depreciation of all exhaustible fixed assets used by the Proprietary Fund is charged as an expense against its operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets (40 years for water and sewer lines).

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

***Property Taxes***

The Township's property taxes are levied as an enforceable lien on property as of December 1 and are due without penalty on or before February 14. These tax bills include the Township's own property taxes and a portion of the taxes billed on behalf of other governments and school districts within the Township's boundaries. Real property taxes not collected as of March 1 are turned over to Ottawa County for collection. The County advances the Township 100% for delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township's treasurer. The Township's property taxes levied on December 1 provide the revenue for the current fiscal year.

Taxes collected and remitted to other governments and school districts are accounted for in the Tax Collection Fund.

The assessed and state equalized taxable value of real and personal property located in the Township totaled \$514,118,079. The Township's general operating levy for the year was based on a millage rate of .65000.

***Risk Management and Benefits***

The Township of Spring Lake is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits claims and for claims relating to general liability, excess liability, auto liability, bonding insurance for employees, errors and omissions, physical damage (equipment, buildings and contents), and worker compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

***Compensated Absences***

Township employees earn vacation and sick leave in varying amounts based on length of service. Vacation time of up to one week can be carried over, but unused sick leave does not accumulate past March 31 of each fiscal year. No portion of unused sick leave is paid to employees at the time of termination or retirement. It is the Township's policy to recognize the cost of sick leave at the time payments are made.

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

***Contributions in Aid of Construction***

It is the Township's policy to reduce contributions in aid of construction in the enterprise funds by an amount equal to the annual depreciation on property and equipment acquired or constructed with such contributions. This policy is based on the premise that future replacement of these assets will be made through future contributions and not through current user rates.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 - EXPENDITURES IN EXCESS OF BUDGET

P.A. 621 of 1978, Section 18(3), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for the general and special revenue funds were adopted to the activity and functional level, respectively.

During the year ended March 31, 2004, the Township incurred expenditures in excess of the amount appropriated as follows:

<u>Fund</u>	<u>Function/activity</u>	<u>Total appropriation</u>	<u>Total expenditures</u>	<u>Budget variance</u>
General	General government/ Township board	\$ 165,390	\$ 190,066	\$ 24,676
General	General government/ Supervisor	65,840	66,153	313
General	Public Safety/ Law Enforcement	13,700	16,072	2,372
General	Public Safety/ Fire	313,750	336,762	23,012

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 3 - CASH AND INVESTMENTS

**Cash**

Statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also members of a federal or national insurance corporation.

At March 31, 2004, the book balance was \$2,714,261 and the bank balance (without recognition of outstanding checks or deposits in transit) was \$2,724,086, of which \$600,595 was insured by federal depository insurance and \$2,123,491 was uninsured.

**Investments**

Statutes require and Board resolutions authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements and mutual funds composed of the types of investment vehicles previously named.

The Township has monies invested in MBIA's Michigan Class Account, Drefus Government Cash Management Fund, and Franklin U.S. Government Fund. All funds in these accounts are invested in accordance with applicable state of Michigan statutes. The balance at March 31, 2004 was \$988,745. The Township has investments in U.S. Agencies of \$2,087,988. The U.S. Agencies are classified as Category 1 investments, which include investments that are insured, registered, or for which the securities are held by the Township or its agent in the Township's name.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	\$ 13,102
	Water	2,256
	Tax Collection	2,361
Cemetery Trust	General	3,200
Total		<u>\$ 20,919</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 5 - SUMMARY OF PROPRIETARY FIXED ASSETS

Depreciation expense included in the determination of net earnings reported in the Enterprise Fund amounted to \$691,371. Depreciation is computed by the straight line method over the estimated useful life of the asset. The principal categories of property, plant and equipment reported in the Enterprise Fund at March 31, 2004, are as follows:

Land	\$ 5,900
Buildings	164,559
Sewage system	9,625,054
Water system	13,387,796
Machinery and equipment	<u>772,984</u>
Total cost	23,956,293
Less accumulated depreciation	<u>9,105,524</u>
Net book value	<u>\$ 14,850,769</u>

NOTE 6 - CHANGES IN GENERAL FIXED ASSETS

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land	\$ 693,481	\$ -	\$ -	\$ 693,481
Land improvements	2,813,460	75,773	-	2,889,233
Buildings	891,754	148,053	-	1,039,807
Machinery and equipment	1,089,787	11,741	-	1,101,528
Office equipment and furniture	<u>204,144</u>	<u>6,757</u>	<u>-</u>	<u>210,901</u>
Totals	<u>\$5,692,626</u>	<u>\$ 242,324</u>	<u>\$ -</u>	<u>\$5,934,950</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of long-term debt obligations of the Township for the year ended March 31, 2004.

	Enterprise Funds	General Long- Term Debt Account Group	Total
Long-term obligations, beginning of year	\$7,959,405	\$ 89,294	\$8,048,699
Additions	-	-	-
Reductions	(691,290)	(22,202)	(713,492)
Long-term obligations, end of year	<u>\$7,268,115</u>	<u>\$ 67,092</u>	<u>\$7,335,207</u>

Long-term obligations at March 31, 2004, is comprised of the following individual components:

**General Long-Term Debt**

Land contract - requires an annual payment of \$7,500 through June 28, 2006, with interest at 7.00% per annum	\$ 15,500
Land contract - requires an annual principal payment of \$14,500 through July 15, 2006 with interest at 7.00% per annum	50,500
Compensated absences	<u>1,092</u>
Total General Long-Term Debt	<u>\$ 67,092</u>

**Enterprise Funds**

Water Supply System Bonds are due in annual principal installments of \$74,550 to \$141,645 through May 1, 2010, with interest at 6.5% to 7.05% per annum	\$ 863,289
Water Supply System Refunding Bonds (second refunding) are due in annual principal installments of \$61,061 to \$71,988 through May 1, 2010, with interest at 5.30% to 6.0% per annum	524,484

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 7 - LONG-TERM OBLIGATIONS - Continued

Water Supply System Refunding Bonds  
(second refunding) are due in annual  
principal installments of \$45,738 to  
\$63,525 through January 1, 2015, with  
interest at 4.70% to 5.875% per annum 618,365

Water Supply System Refunding Bonds are  
due in annual principal installments  
of \$147,097 to \$272,799 through October  
1, 2010, with interest at 4.15% to 4.7%  
per annum 1,671,564

Sewage Disposal System Refunding Bonds  
(second refunding) are due in annual  
principal installments of \$375,000 to  
\$415,000 through August 1, 2004, with  
interest ranging from 4.7% to 5.0%  
per annum 375,000

Sewage Disposal System Refunding Bonds  
are due in annual principal installments  
of \$20,000 to \$30,000 through November 1,  
2009, with interest at 4.15% to 4.6%  
per annum 178,334

Sewage Disposal System Refunding Bonds  
are due in annual principal installments  
of \$38,710 to \$41,080 through November 1,  
2004, with interest at 4.15% to 4.3%  
per annum 81,370

Sewage Disposal System Bonds are due  
in annual principal installments of  
\$30,000 to \$75,000 with the final  
payment due March 1, 2019, with interest  
at 4.70% to 5.05% per annum 765,000

Water Supply System Refunding Bonds are  
due in annual principal installments of  
\$26,708 to \$133,539 through May 1,  
2021, with interest at 4.625% to 5.2%  
per annum 1,460,709

Water Supply System Refunding Bonds are  
due in annual principal installments of  
\$55,000 to \$65,000 through January 1,  
2015, with interest at 2.80% to 4.55%  
per annum 730,000

Total Enterprise Fund Debt

\$ 7,268,115



TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 7 - LONG-TERM OBLIGATIONS - Continued

The General Obligation Contracts Payable were incurred for the purchase of land.

The Revenue Bonds were issued for the purchase of sewer and water lines, and a treatment plant for the treatment, transmission, and distribution of water in the Township.

The annual requirements to amortize all debt outstanding at March 31, 2004, including interest of \$9,029,903, are as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Long-Term Debt</u>	<u>Enterprise Funds</u>	<u>Total</u>
2005	\$ 26,620	\$ 1,267,324	\$ 1,293,944
2006	25,080	857,078	882,158
2007	23,540	919,278	942,818
2008	-	897,355	897,355
2009	-	891,237	891,237
Thereafter	-	4,122,391	4,122,391
Total payments	75,240	8,954,663	9,029,903
Less interest	9,240	1,686,548	1,695,788
Total	<u>\$ 66,000</u>	<u>\$ 7,268,115</u>	<u>\$ 7,334,115</u>

NOTE 8 - RETIREMENT PROGRAMS

The Township has a defined contribution pension plan covering qualified employees to which the Township is required to contribute 10% of the employees' gross wages. Participating employees may contribute up to 10% of gross wages. Total contributions by the Township for the year ended March 31, 2004 were \$82,674.

The Township Fire Department has a separate pension plan which covers all participating firefighters. The plan's benefits are based on length of service and also includes pre-retirement death and disability benefits. All required contributions are paid by the Township. Total contributions by the Township for the year ended March 31, 2004 were \$8,167.

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 9 - SEGMENT INFORMATION - ENTERPRISE FUND

The Township operates two Enterprise Funds. The significant data are as follows:

	<u>Sewage Disposal System</u>	<u>Water Supply System</u>	<u>Total</u>
Operating revenues	\$ 917,733	\$ 1,579,851	\$ 2,497,584
Depreciation expense	240,840	450,531	691,371
Operating income (loss)	(6,113)	149,167	143,054
Net income (loss)	26,030	(17,536)	8,494
Working capital	1,247,136	2,624,263	3,871,399
Total assets	8,752,665	11,839,027	20,591,692
Long-term liabilities	1,053,414	5,193,411	6,246,825
Total equity	7,195,145	5,841,984	13,037,129

NOTE 10- LITIGATION

The Township is subject to various legal proceedings which normally occur in governmental operations. In the opinion of management and the Township attorney, the outcome of these lawsuits will not materially affect the financial condition of the Township, and accordingly, no provision for losses has been recorded.

TOWNSHIP OF SPRING LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE 11- NEW ACCOUNTING PRONOUNCEMENT

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Under the provisions of this GASB standard, which becomes effective for the Township's year ending March 31, 2005, the Township will use business type reporting activity (BTA). BTA reporting will require the Township to present management's discussion and analysis (MD&A) of financial results, a statement of net assets or a balance sheet, a statement of revenue, expenses and changes in net assets, a statement of cash flows, notes to the financial statements, and other required supplementary information. The required basic financial statements described above will be prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial information is not required for BTA reporting.

Financial reporting under GASB 34 will require reporting fund balance as net assets, reporting tax revenues as non-operating income, changing certain financial statement disclosure formats including the property and equipment, and long-term debt disclosures, and including the MD&A. Management has not yet determined the effect of the implementation of this statement on the Township's financial statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS

GOVERNMENTAL FUND TYPES

TOWNSHIP OF SPRING LAKE, MICHIGAN

GENERAL FUND  
BALANCE SHEET  
March 31, 2004

ASSETS

Cash and cash equivalents	\$ 516,510
Investments	216,556
Accounts receivable	19,904
Due from other governmental units	125,564
Due from other funds	<u>17,719</u>
Total assets	<u>\$ 896,253</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 67,481
Due to other funds	3,200
Accrued liabilities	19,406
Deferred revenue	<u>10,000</u>
Total liabilities	100,087

FUND BALANCE

Unreserved, undesignated	<u>796,166</u>
Total liabilities and fund balance	<u>\$ 896,253</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Taxes			
Property taxes	\$ 357,000	\$ 338,339	\$ (18,661)
Tax administrative fee	160,000	157,994	(2,006)
Penalties and interest	6,000	2,926	(3,074)
Total taxes	523,000	499,259	(23,741)
Licenses and permits	6,300	4,051	(2,249)
State grants			
State shared revenue	850,000	751,932	(98,068)
Other	276,000	27,375	(248,625)
Total state grants	1,126,000	779,307	(346,693)
Charges for services			
Cemetery fees	85,000	81,820	(3,180)
Planning fees	-	73,172	73,172
Franchise fees	115,000	102,700	(12,300)
Tax collection fee	17,000	18,422	1,422
Total charges for services	217,000	276,114	59,114
Interest	25,000	3,696	(21,304)
Other			
Miscellaneous	12,700	4,030	(8,670)
Refunds and reimbursements	59,300	72,573	13,273
Total other	72,000	76,603	4,603
Total revenue	1,969,300	1,639,030	(330,270)

TOWNSHIP OF SPRING LAKE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
General government			
Township board:			
Salaries	9,840	12,240	(2,400)
Employee benefits	33,150	20,072	13,078
Library	2,000	3,465	(1,465)
Contracted services	41,400	59,851	(18,451)
Office	10,500	41,697	(31,197)
Harbor transit	15,000	8,654	6,346
Publishing	8,500	7,305	1,195
Insurance	14,000	12,057	1,943
Dues and subscriptions	20,000	19,114	886
Miscellaneous	11,000	5,611	5,389
Total Township board	165,390	190,066	(24,676)
Supervisor			
Salaries	47,040	47,583	(543)
Employee benefits	17,800	18,549	(749)
Miscellaneous	1,000	21	979
Total supervisor	65,840	66,153	(313)
Assessor:			
Salaries	116,635	118,272	(1,637)
Employee benefits	60,000	54,907	5,093
Contracted services	1,000	-	1,000
Office	8,500	9,022	(522)
Education	2,500	959	1,541
Miscellaneous	800	3,633	(2,833)
Total assessor	189,435	186,793	2,642



TOWNSHIP OF SPRING LAKE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Clerk:			
Salaries	24,661	24,440	221
Employee benefits	11,500	11,389	111
Miscellaneous	1,700	677	1,023
Total clerk	37,861	36,506	1,355
Treasurer:			
Salaries	18,961	16,880	2,081
Employee benefits	11,000	15,090	(4,090)
Miscellaneous	10,300	7,272	3,028
Total treasurer	40,261	39,242	1,019
Elections	9,500	-	9,500
Township hall and grounds:			
Salaries	88,100	89,734	(1,634)
Employee benefits	41,511	34,783	6,728
Office	34,000	29,672	4,328
Insurance	14,000	14,491	(491)
Repairs and maintenance	11,000	7,981	3,019
Utilities	10,000	10,266	(266)
Miscellaneous	-	3,012	(3,012)
Total Township hall and grounds	198,611	189,939	8,672
Cemetery:			
Salaries	81,000	75,651	5,349
Employee benefits	44,000	43,030	970
Office	5,750	5,665	85
Equipment and tools	1,000	-	1,000
Maintenance	6,000	3,529	2,471
Utilities	4,000	6,388	(2,388)
Capital outlay	230,000	154,619	75,381
Miscellaneous	1,000	5,617	(4,617)
Total cemetery	372,750	294,499	78,251
Total general government	1,079,648	1,003,198	76,450

TOWNSHIP OF SPRING LAKE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Public safety:			
Law enforcement:			
Salaries	1,700	1,689	11
Employee benefits	500	324	176
Contracted services	<u>11,500</u>	<u>14,059</u>	<u>(2,559)</u>
Total law enforcement	13,700	16,072	(2,372)
Fire:			
Salaries	161,000	168,172	(7,172)
Employee benefits	25,500	19,519	5,981
Office	30,200	24,432	5,768
Utilities	12,000	13,199	(1,199)
Insurance	16,000	12,658	3,342
Repair and maintenance	60,000	63,742	(3,742)
Capital outlay	-	20,329	(20,329)
Miscellaneous	<u>9,050</u>	<u>14,711</u>	<u>(5,661)</u>
Total fire	<u>313,750</u>	<u>336,762</u>	<u>(23,012)</u>
Total public safety	327,450	352,834	(25,384)
Public works:			
Drains	10,000	624	9,376
Road construction/maintenance	<u>40,000</u>	<u>34,650</u>	<u>5,350</u>
Total public works	50,000	35,274	14,726
Community and economic development:			
Zoning and planning commission:			
Salaries	60,000	10,446	49,554
Employee benefits	22,600	1,099	21,501
Contracted services	113,000	132,202	(19,202)
Miscellaneous	<u>20,150</u>	<u>12,622</u>	<u>7,528</u>
Total community and economic development	215,750	156,369	59,381

TOWNSHIP OF SPRING LAKE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (continued)			
Recreation:			
Parks:			
Salaries	52,000	62,709	(10,709)
Employee benefits	2,800	7,629	(4,829)
Recreation commission	33,000	31,995	1,005
Capital outlay	537,651	102,072	435,579
Miscellaneous	<u>4,500</u>	<u>12,980</u>	<u>(8,480)</u>
Total recreation	629,951	217,385	412,566
Debt service:			
Principal	22,000	22,000	-
Interest and fiscal charges	<u>6,160</u>	<u>6,160</u>	<u>-</u>
Total debt service	<u>28,160</u>	<u>28,160</u>	<u>-</u>
Total expenditures	<u>2,330,959</u>	<u>1,793,220</u>	<u>537,739</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(361,659)	(154,190)	207,469
FUND BALANCE - BEGINNING OF YEAR	<u>950,356</u>	<u>950,356</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 588,697</u>	<u>\$ 796,166</u>	<u>\$ 207,469</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
March 31, 2004

	Building Department Fund	Street Lighting Fund	Harbor Transit Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 68,970	\$ 71,374	\$ 13,745	\$ 154,089
Due from other funds	-	-	-	-
Due from other governmental units	28	6,016	798	6,842
Total assets	<u>\$ 68,998</u>	<u>\$ 77,390</u>	<u>\$ 14,543</u>	<u>\$ 160,931</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 4,250	\$ 1,294	\$ 4,578	\$ 10,122
Due to other funds	-	-	-	-
Accrued liabilities	978	-	-	978
Total liabilities	5,228	1,294	4,578	11,100
FUND BALANCE				
Unreserved, undesignated	<u>63,770</u>	<u>76,096</u>	<u>9,965</u>	<u>149,831</u>
Total liabilities and fund balance	<u>\$ 68,998</u>	<u>\$ 77,390</u>	<u>\$ 14,543</u>	<u>\$ 160,931</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
Year Ended March 31, 2004

	Building Department Fund	Street Lighting Fund	Harbor Transit Fund	Totals
REVENUE				
Special assessments	\$ -	\$ 111,049	\$ 14,544	\$ 125,593
Licenses and permits	<u>230,916</u>	<u>-</u>	<u>-</u>	<u>230,916</u>
Total revenue	230,916	111,049	14,544	356,509
EXPENDITURES				
General government	-	-	4,813	4,813
Public safety	176,479	-	-	176,479
Public works	<u>-</u>	<u>103,228</u>	<u>-</u>	<u>103,228</u>
Total expenditures	<u>176,479</u>	<u>103,228</u>	<u>4,813</u>	<u>284,520</u>
EXCESS OF REVENUE OVER EXPENDITURES	54,437	7,821	9,731	71,989
FUND BALANCE - BEGINNING OF YEAR	<u>9,333</u>	<u>68,275</u>	<u>234</u>	<u>77,842</u>
FUND BALANCE -END OF YEAR	<u>\$ 63,770</u>	<u>\$ 76,096</u>	<u>\$ 9,965</u>	<u>\$ 149,831</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

BUILDING DEPARTMENT FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Building permits	\$ 209,721	\$ 230,916	\$ 21,195
EXPENDITURES			
Salaries	85,545	79,767	5,778
Employee benefits	68,176	46,924	21,252
Contracted services	45,000	34,623	10,377
Supplies and expenses	6,500	12,171	(5,671)
Education	4,500	2,994	1,506
Capital outlay	-	-	-
Total expenditures	<u>209,721</u>	<u>176,479</u>	<u>33,242</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	54,437	54,437
FUND BALANCE - BEGINNING OF YEAR	<u>9,333</u>	<u>9,333</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 9,333</u>	<u>\$ 63,770</u>	<u>\$ 54,437</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

STREET LIGHTING FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Special assessments	\$ 114,700	\$ 111,049	\$ (3,651)
EXPENDITURES			
Utilities	<u>108,000</u>	<u>103,228</u>	<u>4,772</u>
EXCESS OF REVENUE OVER EXPENDITURES	6,700	7,821	1,121
FUND BALANCE - BEGINNING OF YEAR	<u>68,275</u>	<u>68,275</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 74,975</u>	<u>\$ 76,096</u>	<u>\$ 1,121</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

HARBOR TRANSIT FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Special assessments	\$ 11,000	\$ 14,544	\$ 3,544
EXPENDITURES			
Contracted services	<u>11,000</u>	<u>4,813</u>	<u>6,187</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	9,731	9,731
FUND BALANCE - BEGINNING OF YEAR	<u>234</u>	<u>234</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 234</u>	<u>\$ 9,965</u>	<u>\$ 9,731</u>



**PROPRIETARY FUND TYPES**

## TOWNSHIP OF SPRING LAKE, MICHIGAN

ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
March 31, 2004

	Sewer Fund	Water Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,255,749	\$ 263,354	\$ 1,519,103
Investments	202,550	2,944,884	3,147,434
Receivables			
Accounts	161,095	216,857	377,952
Special assessments	131,848	2,800	134,648
Due from other funds	-	-	-
	<u>1,751,242</u>	<u>3,427,895</u>	<u>5,179,137</u>
Total current assets			
<b>FIXED ASSETS</b>			
Land	5,900	-	5,900
Buildings	97,775	66,784	164,559
Sewage system	9,625,054	-	9,625,054
Water system	-	13,387,796	13,387,796
Machinery and equipment	-	772,984	772,984
	<u>9,728,729</u>	<u>14,227,564</u>	<u>23,956,293</u>
Total fixed assets			
Less accumulated depreciation	<u>3,086,850</u>	<u>6,018,674</u>	<u>9,105,524</u>
Net fixed assets	6,641,879	8,208,890	14,850,769
<b>OTHER ASSETS</b>			
Special assessments receivable	349,069	45,653	394,722
Deferred bond costs	<u>10,475</u>	<u>156,589</u>	<u>167,064</u>
Total other assets	<u>359,544</u>	<u>202,242</u>	<u>561,786</u>
Total assets	<u>\$ 8,752,665</u>	<u>\$11,839,027</u>	<u>\$20,591,692</u>

	Sewer Fund	Water Fund	Totals
CURRENT LIABILITIES			
Current maturities of long-term debt	\$ 405,000	\$ 616,290	\$ 1,021,290
Accounts payable	77,710	49,037	126,747
Due to other funds	2,256	13,102	15,358
Accrued liabilities	<u>19,140</u>	<u>125,203</u>	<u>144,343</u>
Total current liabilities	504,106	803,632	1,307,738
LONG-TERM DEBT, less current maturities	<u>1,053,414</u>	<u>5,193,411</u>	<u>6,246,825</u>
Total liabilities	1,557,520	5,997,043	7,554,563
FUND EQUITY			
Contributed capital	1,728,675	1,147,275	2,875,950
Retained earnings			
Undesignated	<u>5,466,470</u>	<u>4,694,709</u>	<u>10,161,179</u>
Total fund equity	<u>7,195,145</u>	<u>5,841,984</u>	<u>13,037,129</u>
Total liabilities and fund equity	<u>\$8,752,665</u>	<u>\$11,839,027</u>	<u>\$20,591,692</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN

ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
Year Ended March 31, 2004

	Sewer Fund	Water Fund	Totals
OPERATING REVENUE			
Charges for services	\$ 511,042	\$1,028,427	\$1,539,469
Readiness to serve	-	145,552	145,552
Debt retirement	130,259	152,133	282,392
Special assessments	102,199	48,454	150,653
Hydrant rental	-	30,000	30,000
Trunkage charges	124,000	-	124,000
Reimbursements	33,703	143,398	177,101
Other	16,530	31,887	48,417
Total operating revenue	917,733	1,579,851	2,497,584
OPERATING EXPENSES			
Salaries	92,089	194,734	286,823
Fringe benefits	45,902	79,757	125,659
Operating supplies	16,526	35,259	51,785
Sewage treatment	404,574	-	404,574
Professional services	41,578	32,764	74,342
Repairs and maintenance	33,204	3,834	37,038
Insurance	10,024	21,736	31,760
Utilities	25,163	3,403	28,566
Water purchases	-	598,865	598,865
Miscellaneous	13,946	9,801	23,747
Depreciation	240,840	450,531	691,371
Total operating expenses	923,846	1,430,684	2,354,530
OPERATING INCOME (LOSS)	(6,113)	149,167	143,054
NONOPERATING REVENUE (EXPENSE)			
Interest income	102,675	62,734	165,409
Interest expense	(70,532)	(229,437)	(299,969)
Net nonoperating revenue (expense)	32,143	(166,703)	(134,560)
NET INCOME (LOSS)	26,030	(17,536)	8,494
DEPRECIATION TRANSFERRED TO CONTRIBUTED CAPITAL	49,730	104,300	154,030
INCREASE IN RETAINED EARNINGS	75,760	86,764	162,524
RETAINED EARNINGS - BEGINNING OF YEAR	5,390,710	4,607,945	9,998,655
RETAINED EARNINGS - END OF YEAR	<u>\$5,466,470</u>	<u>\$4,694,709</u>	<u>10,161,179</u>

## TOWNSHIP OF SPRING LAKE, MICHIGAN

ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 Year Ended March 31, 2004

	Sewer Fund	Water Fund	Totals
Cash flows from operating activities			
Operating income (loss)	\$ (6,113)	\$ 149,167	\$ 143,054
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	240,840	450,531	691,371
(Increase) decrease in Receivables	(5,246)	(11,948)	(17,194)
Due from other funds	-	19,991	19,991
Increase (decrease) in Accounts payable	(35,120)	(40,992)	(76,112)
Due to other funds	(20,914)	(141,729)	(162,643)
Accrued expenses	362	(5,944)	(5,582)
Net cash provided by operating activities	173,809	419,076	592,885
Cash flows from capital and related financing activities			
Contributed capital	-	-	-
Assessment receipts	149,564	-	149,564
Acquisition of capital assets	(28,232)	(223,373)	(251,605)
Principal payments on bonds	(425,000)	(266,290)	(691,290)
Interest payments on bonds	(70,532)	(229,437)	(299,969)
Net cash (used in) capital and related financing activities	(374,200)	(719,100)	(1,093,300)
Cash flows from investing activities			
Purchase of investments	(202,550)	(550,946)	(753,496)
Interest revenue	102,675	62,734	165,409
Net cash (used in) investing activities	(99,875)	(488,212)	(588,087)
Net increase (decrease) in cash	(300,266)	(788,236)	(1,088,502)
Cash and cash equivalents - beginning of Year	1,556,015	1,051,590	2,607,605
Cash and cash equivalents - end of Year	<u>\$ 1,255,749</u>	<u>\$ 263,354</u>	<u>\$ 1,519,103</u>

**TRUST AND AGENCY FUNDS**

TOWNSHIP OF SPRING LAKE, MICHIGAN  
TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET  
March 31, 2004

	Nonexpendable Trust Funds Cemetery Endowment Trust Fund	Agency Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 14,784	\$ 14,784
Investments	221,923	-	221,923
Due from other funds	3,200	-	3,200
Total assets	<u>\$ 225,123</u>	<u>\$ 14,784</u>	<u>\$ 239,907</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ 2,361	\$ 2,361
Due to other governmental units	-	12,423	12,423
Total liabilities	-	14,784	14,784
<b>FUND BALANCE</b>			
Unreserved, undesignated	225,123	-	225,123
Total liabilities and fund balance	<u>\$ 225,123</u>	<u>\$ 14,784</u>	<u>\$ 239,907</u>

TOWNSHIP OF SPRING LAKE, MICHIGAN  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Year Ended March 31, 2004

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
<u>TAX COLLECTION AGENCY FUND</u>				
ASSETS				
Cash	\$ 153,451	\$15,586,720	\$15,725,387	\$ 14,784
LIABILITIES				
Due to other funds	\$ 28,791	\$ 624,316	\$ 650,746	\$ 2,361
Due to other governmental units	124,660	14,962,404	15,074,641	12,423
Total liabilities	\$ 153,451	\$15,586,720	\$15,725,387	\$ 14,784